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# **Welfare institutions and the mobilisation of consent: Union responses to labour market activation policies in France and the Netherlands**

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## **Abstract**

Trade union responses to labour market activation policies are central to any assessment of their attitudes and strategies in the face of contemporary welfare state restructuring. Yet this issue has to date been the object of only limited theorization and minimal empirical investigation. We attempt to remedy this. Drawing on existing literatures in different disciplines, we first outline the theoretical grounds for predicting union opposition to or support for labour market activation measures. We then explore these competing arguments through a reconstruction and comparison of the development of union positions on labour market activation over time in two countries, France and the Netherlands. The case studies suggest that union stances on these policies are not straightforwardly determined by the structure of labour market institutions; considerations regarding the impact of activation initiatives on the role of unions in the institutions of the welfare state play a major role in mobilizing their consent or dissent.

## **Keywords:**

trade unions; labour market policy; institutions; preferences; France; the Netherlands

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## **Introduction**

Labour market activation --- understood as the closer articulation of social benefit policies and provisions to encourage (re)integration in work --- has been central to debates over the last quarter century on adapting welfare states to a transformed economic structure. It is today espoused by international organizations as well as political parties from across the ideological spectrum in most countries (Eichhorst et al., 2008). While activation connects easily with conventional right-wing themes such as reducing benefit dependency, it can also be framed in a language of social justice, as an attempt to make post-industrial labour markets more socially inclusive by combating risks of detachment faced by vulnerable groups with limited market power. This ambiguous quality (Bonoli, 2010) helps explain why activation has proved so popular with entrepreneurial political actors, eager to compete for the support of the median voter without repudiating their traditional ideological commitments.

Social and labour market policy reform does not only turn on the construction of winning electoral coalitions; social actors, and especially trade unions, are key players in the politics of welfare state transformation. Despite declining membership rates, unions in many countries still have capacity to mobilize citizens against reforms they oppose (Anderson and

Lynch, 2007). Particularly where they have a role in the governance of existing welfare policies, they may even be able to veto changes (Ebbinghaus, 2010). And the cooperation of national trade unions --- and employers' organizations --- may be useful for the effective implementation of some activation policies, particularly those requiring firm participation (Martin, 2005).

Notwithstanding the significance of unions' attitudes for the successful pursuit of activation reforms, little research has been conducted on this issue. While it has been recognised that activation confronts unions with a 'dilemma' (Valkenburg, 2004), neither the terms of this dilemma, nor the ways in which it is resolved in different national contexts, have been systematically explored. Do unions see only risks in activation policies, and fall back on the 'conservative' oppositional strategies of which they are accused in contemporary popular discourse, and for which there is some evidence from other social policy fields (Häusermann, 2010)? Or might they see opportunities, and engage constructively in the development of an active social state? Under which conditions will union opposition or engagement be more likely?

The present article attempts to provide some preliminary responses to these questions. We first discuss literature in political economy and industrial relations that suggests that the structure of labour market institutions will cause unions either to oppose or to support activation. We then introduce two strategically selected cases, France and the Netherlands, and briefly document the development of union stances on activation policies since the early 1990s. Comparing across the cases and over time, our third section suggests that there is limited evidence of unions being consistently or predictably obstructive or constructive in the face of activation reforms. Instead, we highlight the significance for the formation of union preferences of an institutional factor relatively neglected in existing literatures, namely unions' administrative role in the welfare state (see also Ebbinghaus, this issue).

## **Predicting union attitudes to labour market activation**

Writing just over a decade ago, Crouch (2000: 71) argued that one of the key challenges facing trade unions was the risk that they 'may come to represent secure labour market insiders whose position is envied and resented by outsiders drifting between temporary work and unemployment, against whose interests unions then start to work. Union membership has always been, and remains, far more common among older employees on permanent contracts than among younger workers, those in part-time or temporary employment and the unemployed (Ebbinghaus, 2006). With the magnitude of sectoral shifts and the increase in unemployment and atypical forms of employment since the 1970s, however, the representativeness of the typical union member has been in steady decline.

Just as importantly, it is also argued that most union members today experience less exposure to labour market risk than other workers, particularly unemployment. Dismissal costs for permanent employees sharply increased in many European countries during the 1960s and 1970s, and have since been scaled back modestly, if at all (Emmenegger, 2009a). Though net labour market instability has increased, its main impact is on groups who have never acquired the privileged 'insider' status with which union membership is strongly correlated. Indeed, the very existence of such groups helps to insulate permanent employees from the risk of losing their jobs, as in dualistic labour markets they come to serve as a buffer that absorbs the effects of cyclical declines in demand for employment and the flexible production strategies of employers (Lindbeck and Snower, 2001).

On the basis of these observations, recent work on the 'insider-outsider politics' of labour market policy has suggested that securely employed workers will tend to oppose activation reforms, which have the stated aim of helping the unemployed ('outsiders') back into possibly permanent employment. It is argued that insiders will not only balk at supporting the cost of activation measures from which they do not themselves expect to benefit directly, but will actively resist them as a menace to their own medium-term employment security. Given stable levels of employment protection, it is only when a severe

macroeconomic shock suddenly ‘democratizes’ unemployment risks, and possibly also when the burden of financing generous unemployment benefits comes to be perceived as too great, that the securely employed will look more favourably on proposals for activation reforms (Gaston and Rajaguru, 2008; Rueda, 2006, 2007; Saint-Paul, 1998).

Empirical tests of these arguments have to date concentrated mainly on the individual level (Emmenegger, 2009b; Nelson, 2009), sometimes with reference to the repercussions for Social Democratic party platforms and policy outputs (Rueda, 2006; 2007). But insofar as unions’ preferences and strategies can be understood with reference to an Olsonian logic of interest representation, or what is sometimes called the ‘logic of membership’ (Schmitter and Streeck, 1999), they also have clear implications for reactions to activation. At a theoretical level, Saint-Paul has indeed argued that his insider-outsider model of low support for activation will hold under corporatist determination of policy outcomes --- ‘where unions... decide on labour market policy’ --- as well as under assumptions of electoral determination (1998: 154). And although he does not primarily focus on unions, Rueda argues that in the British case it was partly the weakening of its historical links with organized labour that freed New Labour to focus more on outsider interests, and encouraged its embrace of activation policies in the mid-1990s (2006: 365). From this political economy perspective, then, we would expect unions more generally to adopt hostile and obstructive attitudes to activation, at least in highly regulated labour markets with the potential for marked insider-outsider cleavages.

Students of trade unions and industrial relations argue, however, that the behaviour and actions of industrial unions cannot be reduced to the simple defence of their members’ interests. Streeck (2005: 269) suggests that such organizations want to be regarded ‘as representatives, not just of their members, but of all workers in their industry or society’. This helps us understand why --- as amply demonstrated by the literature on union revitalization (e.g. Baccaro *et al.*, 2003; Frege and Kelly, 2003; Hyman, 2007) --- some unions have responded to membership decline by reaching out to currently unorganized sections of the workforce, far more than would be anticipated by thinner economic models of union action. It also suggests that they will often have strong incentives to remain on good terms with political authorities, on whom they rely for the recognition and sometimes also resources that allow them to endure in the face of the free-rider problems that their universalistic vocation entails (Streeck, 2005: 269). Both strategies necessitate defending not only the particular interests of their current members, but also the interests of other workers or, more broadly, the ‘common good’. This perspective thus allows for unions adopting far more conciliatory or even supportive attitudes to activation reforms.

To be sure, it can be anticipated that the different interests unions may seek to defend will often conflict. Such conflicts would be expected to crystallize in tensions between the rank and file and the peak leadership, as the latter clearly have the strongest incentives to adopt positions and strategies that can serve longer-term goals of organizational security which may, in the short-term, harm existing members. The natural reaction of unions would be to manage such tensions by adopting ‘critical but supportive’ positions on reforms, assuming these are intellectually and politically tenable. To the extent that they are not, and as work on union attitudes to pension reform has shown (Anderson and Lynch, 2007), the internal organization of unions --- the degree of centralization and resulting empowerment of the leadership relative to the base --- could be crucial in tipping the balance towards more obstructive or constructive stances on policy initiatives.

Another important factor is the institutionalization or otherwise of peak-level unions in national policy-making fora. Strong institutionalization of unions in such bodies characterizes traditionally neo-corporatist political economies, but weaker forms have also developed with the rise of ‘new social pacts’ since the early 1990s (Molina and Rhodes, 2002). Under conventional neo-corporatist arrangements, peak organizations of labour and business explicitly trade faithful representation of member demands for the organizational security that a ‘seat at the top table’ brings. A ‘logic of influence’ comes to rival the ‘logic of membership’ in the process of union preference formation, turning unions towards the function of interest ‘intermediation’ rather than simple representation, and making them more

likely to adopt policy positions and priorities that are congruent with those of the government (Schmitter and Streeck, 1999). New social pacts are more weakly institutionalized and based on a somewhat different logic of exchange (Hassel, 2009), but play a centralizing role within union confederations and thus help empower the top leadership relative to the rank and file (Anderson and Lynch, 2007). Either mode of nationally concerted policy making would therefore lead unions to adopt supportive attitudes towards activation reforms. While this prediction can be framed in purely rationalist terms, it is also compatible with suggestions that institutionalized policy concertation results in competitive ‘powering’ giving way to cooperative ‘puzzling’, where actors define their preferences in ways which are oriented towards the solution of commonly-defined problems (Culpepper, 2002).

There are thus theoretical grounds for predicting very different union reactions in the face of activation reforms. Recent work in political economy implies that unions operating in highly regulated labour markets will generally resist any turn to activation strategies which hurt their largely insider membership. Industrial relations scholarship, however, suggests that unions may also have motives to adopt conciliatory stances that can appeal to other workers, other corporate actors and, especially, to governments. While conflicting incentives stemming from unions’ attentiveness both to their members and to their environment exist everywhere, an institutional framework for concerted policy making will be particularly important in drawing unions’ labour market policy preferences --- whether by rational calculation or through more ‘dialogical’ processes --- in a direction that is favourable to labour market activation.

## **Unions and activation in France and the Netherlands**

Given the institutional profile of their labour markets, France and the Netherlands represent excellent cases through which these arguments can be explored empirically (cf. also Table 1). In both countries workers on open-ended contracts enjoy high levels of employment protection, providing grounds for the existence of potentially strong insider-outsider cleavages around issues of labour market risk. As will be discussed below, French and Dutch union confederations have traditionally played a significant role in the administration of unemployment insurance benefits, but in neither case is unemployment insurance operated on a voluntary state-subsidized basis (the so-called ‘Ghent model’), however, meaning that insecure workers do not have selective incentives to remain unionized as in countries such as Denmark or Sweden (Clasen and Viebrock, 2008). In part for this reason, overall unionization rates were in both countries historically relatively low, and fell steeply --- by between 10 and 15% --- in between the early 1970s and the late 1990s (Visser, 2006). In the late 1990s unemployed people were half as likely as employed people to be unionized in the Netherlands, and a tenth as likely in France (Ebbinghaus, 2006).

[Table 1 about here]

Though both the Netherlands and France have a number of competing union confederations --- the institutionalized legacy of waning political and religious cleavages that structured the formative years of their respective labour movements --- and relatively similar levels of peak-level centralization of authority, in many other respects the industrial relations contexts in which unions operate in the two countries are very different. France has a history of highly conflictual industrial relations, with traditionally difficult relationships between unions and employers and an overbearing state that undermines and infantilizes collective actors in civil society (Levy, 1999). While certain unions have endeavoured to build more cooperative relations with employers and governments since the 1980s, more generalized forms of political exchange or tripartite concertation remain impossible (Parsons, 2002). By contrast, corporatism is one of the defining features of policy-making in the Netherlands (Andeweg and Irwin, 2009). Powerful bipartite and tripartite institutions were set up after the Second World War, and have played a central role in the political economy. Though Dutch

corporatism was seriously challenged by the changed economic context of the 1970s, it not only survived but has actually flourished in recent decades (Visser and Hemerijck, 1997), leading to the signature of a number of national level social pacts. Part of the explanation for this difference in government-union relations between the two countries possibly results from their contrasting electoral systems, and the political incentives that governments in each country have for being seen to 'share policy space' with the unions when pursuing potentially controversial reforms (Baccaro and Lim, 2007; Baccaro and Simoni, 2008).

In the light of the theories reviewed above, we would therefore anticipate very different union reactions to the activation turn in labour market policy since the early 1990s. With an extreme membership bias in favour of permanently employed workers with limited exposure to labour market risk, and with few obvious institutional inducements for the adoption of cooperative bargaining positions, French unions would be expected to be more sectional and therefore less sympathetic towards activation reforms. In the Netherlands, any temptation unions might have had to fall back on a similarly narrow defence of their members' labour market policy interests should have been tempered by strong corporatist institutions and the encompassing behaviours and policy preferences they in principle engender. At least among those countries with highly regulated labour markets, the Dutch and French unions could thus be expected to be at polar ends of the opposition-support spectrum. Yet their actual stances reveal a more complex set of preferences and behavioural influences.

## France

Since the early 1980s, benefit provision for the unemployed in France has been progressively dualized into two relatively separate and un-articulated 'worlds', based on tax-financed social assistance and contributory social insurance (Palier, 2010). Until around the turn of the millennium, the reaction of French unions to activation policies was also rather dualistic, depending in large part on which world the policy proposal concerned.

Unions have traditionally been relatively supportive of the activation of social assistance beneficiaries. In the debates of the mid-1980s over the introduction and design of a general social assistance scheme to provide support to those who fell through the social insurance net, they came down decisively in favour of benefit policies that included a work or training condition for the recipient (Bode, 1991). In 1987, when the *Conseil économique et social* (CES) set out proposals foreshadowing the future *Revenu minimum d'insertion* (which provides a minimum income to unemployed adults without rights to unemployment benefit), the *Confédération française démocratique des travailleurs* (CFDT) commended the suggestion to link minimum income receipt to the signature of an individualized *insertion* contract, a proposition which they said 'allows the maintenance of the work/income link'. *Force ouvrière* (FO) commented that this proposal had the advantage of 'avoiding the absorption of the problem [of individuals without insurance-based social protection] by pure assistance' (CES, 1987: 19, 21). Two decades later, these confederations reacted similarly to propositions for a work-linked 'autonomy benefit' for those under 25, who are still not eligible for general social assistance in France (CES, 2001: 57-61). Only when proposed *insertion* measures have derogated too greatly from general labour law has opposition from organized labour been any obstacle to the activation of minimum income recipients. An example was the 2003 *Revenu minimum d'activité*, which reduced the social security contributions of employers who took on the long-term unemployed; the unions vigorously opposed this (Damon, 2004).

With respect to the activation of unemployment insurance recipients, however, the situation was long more complicated. Unemployment insurance in France is regulated on a bipartite (in French, *paritaire*) basis by the unions and the employers' associations through national collective agreements, extended by law (Freyssinet, 2010). When this system was established in 1958, the government insisted that the new unemployment insurance institution UNEDIC (*Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce*) should restrict its activities to compensation, to avoid encroaching on the state's

competence in other employment matters (Daniel, 1997). FO, then the most enthusiastic proponent of a *paritaire* governance system, happily fell in line with this demand, and indeed gradually elevated the strict separation between unemployment insurance and employment promotion issues to the status of a strong doctrinal stance.

As FO co-presided UNEDIC from 1959 to 1992, this situation largely kept the activation of the insured unemployed --- or any financial, managerial or operational integration between unemployment insurance and state-regulated policies --- off the agenda. When governments of left or right proposed closer articulation between insurance benefits and general employment policies, they met marked hostility from the unions in their role as custodians of UNEDIC (Clegg, 2005: 171-8). Even when the CFDT --- long seen as the most reformist French union, and vocal in its advocacy of inclusive policies for outsiders during the 1980s (Bode, 1997) --- captured the co-presidency of UNEDIC in the early 1990s, receptiveness to structural reforms did not immediately increase. When a 1993 report commissioned by the government proposed tackling UNEDIC's spiralling deficits through a reform package combining increased tax-financing and closer integration between UNEDIC and the state-run public employment service to facilitate activation, the CFDT responded by arguing instead for cuts in benefit levels, additional to the already tough retrenchment it had negotiated the previous year (Clegg, 2005: 243).

Rather than being straightforwardly oppositional, therefore, the French unions' reactions to activation policies have traditionally varied markedly with the type of benefit targeted for reform. Over the first decade of the new millennium, however, this traditionally dualistic response pattern has begun to give way to a more generally supportive stance, as the unions have warmed to the development of activation measures within unemployment insurance (Clegg, 2011). The turning point was the adoption in 2000 of a mechanism that linked receipt of insurance benefits to an individualized agreement detailing the rights and responsibilities of the unemployed individual, eventually introduced under the name of the *Plan d'aide au retour à l'emploi* (PARE). This initiative was proposed not by government but by the main employers' confederation MEDEF, as part of the broader 'social modernization' (*réfondation sociale*) platform with which it sought to wrest control of the social reform agenda from the then socialist government. At varying speeds, the unions rallied to this radically new approach. Acceptance by the CFDT --- historically most positive about the principle of activation, if not its application in unemployment insurance --- was swift, with activation already having a prominent place in their statement of initial positions ahead of the negotiations in spring 2000 (CFDT, 2000). It accordingly signed the agreement creating the PARE, along with two smaller union confederations. Though FO, like the more systematically belligerent ex-communist *Confédération générale du travail* (CGT), ultimately refused to sign the agreement on the PARE, even it showed a growing if grudging willingness to entertain the principle of activation during the negotiations, largely from a concern to prevent the total blockage and breakdown of the *paritaire* unemployment benefit system (Freyssinet, 2002: 45).

At the demand of the government, concerned about the emergence of parallel employment service networks for the insured and other job-seekers, responsibility for the implementation of the PARE was ultimately vested in the public employment service, with the administrative agencies of the unemployment insurance system retaining responsibility for the payment of benefits. As the decade wore on, this complex delivery structure was increasingly criticized for undermining the effectiveness of the new activation policy (*Cour des comptes*, 2006), and the old idea of a full merger between the public employment service and UNEDIC progressively returned to the top of the policy agenda. When this proposal was announced by President Chirac in his 2007 New Year address to the social partners, it provoked an angry response by the unions, who together with the employers' organizations issued a common statement of opposition (*Les Echos*, 12/1/2007). But when barely 8 months later the same proposal was reiterated by the freshly elected President Sarkozy in his first high-profile social affairs speech, the unions' reaction was far less hostile, with the CFDT secretary-general calling the merger a 'useful reform process, in which the CFDT is ready to engage' (*Les Echos*, 19 September 2007). Negotiations between the social partners and the

government were successful, and a reform of the organization of the public employment service passed less than five months later, with the social partners retaining their prerogatives over setting unemployment insurance contributions and benefits, but a new integrated public agency taking over all benefit delivery and employment operations (Rousseau, 2008).

In sum, if it has never been possible to reduce the French unions' attitudes to activation to one of simple opposition, it is even less so today. From having selectively supported activation measures for certain groups of benefit claimants, their positions have evolved considerably over the last two decades, through endorsing specific activation measures for the insured unemployed to more recently accepting the articulation of these with measures for other groups in a more streamlined and thoroughgoing activating labour market policy.

## The Netherlands

The Netherlands has probably more firmly --- and certainly more famously --- shed the passive bias of its welfare state than France in the last two decades. A 1990 report by the *Wetenschappelijke Raad voor het Regeringsbeleid* (Scientific Council for Government Policy, WRR) set the stage for this shift in advocating the coupling of welfare reforms and activating labour market policies. In the 1990s, increasing labour force participation became the accepted goal of all societal actors, and the emphasis of social policy reform has since been on increasing labour force participation and getting people (back) into work.

In line with expectations, the large Dutch unions have by and large embraced the goal of increasing labour force participation in the last two decades. However, closer inspection shows that the harmony of the 'polder model' has not always reigned over Dutch labour market policy, and the precise stance of the unions has subtly but perceptibly shifted over the period. While they accepted the activation agenda as well as part-time and other forms of 'atypical' work (crucial to the 'Dutch miracle') comparatively early, the unions have shown more apprehension about the precise implementation and effect of activation. The major reform of the implementation structure of unemployment (and disability) insurance in 1999, introduced under the slogan of 'putting work before income', notably resulted in a major conflict between the unions and the government (Grünell, 1999). The main union confederation, FNV (*Federatie Nederlandse Vakbeweging*) has over the last decade also emphasized that 'decent work' rather than any work is its primary goal, stressing that the increasingly marketized implementation of activation is a threat to solidarity (FNV, 2009). In other words, the unions seem to have qualified their supportive stance on the development of activation in the 1990s and have adopted a more reserved attitude to specific policy proposals.

Three pillars characterize Dutch activation strategies: reform of social security; reintegration; and education and training. But because it was a pioneer in reformulating policy *objectives* in line with activation, the most important reforms in these three areas have for over a decade been focused on changing their *administration* and *governance*, or what Van Berkel (2010) terms 'operational policy reforms'. Various rounds of reforms have introduced market principles in the administration of activation, enhancing the delivery-level involvement of the private sector and, significantly, reducing the role of the social partners. Illustrative of these changes are the reforms to the institutions and administration of work and income in the last two decades (De Koning, 2009).

While the Netherlands enjoys its status as a corporatist political economy mainly through the social partners' 'semi-public status in public policy-making' (Hemerijck, 2003:238, emphasis added), an additional and less highlighted source of their influence traditionally lies in policy implementation, particularly in the realm of social insurance. In the course of various government-led reforms to the provision of work and income over the last decade, however, this influence has been significantly diluted, gradually sidelining the trade unions in the debate on and implementation of activation measures. A 1993 Parliamentary enquiry highlighted instances of the social partners abusing their managerial prerogatives in social insurance, using long-term disability benefits to facilitate industrial restructuring. The



government interpreted this as the main impediment to more successful activation reforms and as a rationale to reduce progressively the role of the social partners in benefit administration. A parallel process of reform of the public employment services in the 1990s diminished the administrative role which the social partners had gained only in 1991. The 2001 *Wet Structuur Uitvoering Werk en Inkomen* (Act on the Structural Implementation of Work and Income, SUWI) completed the dismantling of the bipartite administration of social insurance, delegating it to independent (but still public) administrative agencies known as *Uitvoeringsinstituten Werknemersverzekeringen* (UWVs). At the same time, SUWI introduced further competition and marketization into the provision of activation services by privatizing the activation arm of the PES and reorganizing its remaining parts into local *Centra voor Werk en Inkomen* (CWIs) (Van Berkel, 2010). In 2009, these centres were merged with the benefits agency (UWV), completing the move to a one-service counter for those out of work. From being deeply involved in the administration of the work-welfare interface, the only role today left for the social partners is their representation in the *Raad voor Werk en Inkomen* (RWI), which plays a purely advisory role on activation policy.

From a group-oriented focus on vulnerable labour market participants in the 1990s, Dutch activation policies have in the past decade become more individualized. Anyone receiving a benefit and deemed in need of assistance with finding a job can submit a plan for an individual reintegration agreement (*individuele reïntegratie overeenkomst*, IRO). If this is approved, then it is the individual claimant, not the benefit administration, who decides which (private) reintegration service to use in order to find employment. The reintegration provider is paid by the benefits administrator according to the results achieved (whether the claimant indeed finds a job and is still employed after six months). This formula of course contains a significant risk of ‘cream-skimming’ (reintegration providers only offering their services to those who are likely to find suitable employment soon), though compensatory measures have been adopted to avoid this problem. While consistent and firm prioritizing of reintegration is backed up by sanctioning of benefits, it should also be noted that cutting or outright denial of benefits occurs relatively rarely (Bruttel and Sol, 2006: 81). As mentioned, the unions have nonetheless been wary of this direction in recent reform, and have not been hesitant in articulating their criticisms. At the same time, they seem to be resigned to the new paradigm, and have tailored their individual member services to reflect it. For example, unions increasingly offer members access to in-house consultants who can offer help and advice on drawing up an IRO.

As in France, then, the attitude of Dutch unions towards activation policies has evolved over the last two decades. Unlike their French counterparts, though, they have become on balance less rather than more receptive to activation, going from being full partners in its early development to somewhat critical observers of its onward march. This shift has paralleled a fundamental change in the role of Dutch unions in social and labour market policy, driven mainly by the development of activation itself. Especially since the second half of the 1990s, reforms have seen the unions evicted from their traditional role as co-administrators of social benefit policies in favour of a publicly controlled but incentive-driven system. In response, while unions were partially able to parry early reform efforts by pursuing improvements to employee benefits through collective bargaining (see Johnston et al, this issue), they increasingly have fallen back on their role in more advisory tripartite institutions where their voice is still sought and heard, but they have also refocused on the development of new services for existing members.

## **Discussion: Welfare institutions and the mobilization of consent**

As should be clear from the foregoing discussion, the reactions of French and Dutch unions to labour market activation are difficult to reconcile with theoretical expectations based on the structure of their labour market institutions alone. Though perhaps the least classically corporatist of developed political economies, and despite a strong membership bias towards labour market insiders, the French unions have never simply opposed all activation policies,

and with some hesitations have indeed come to accept their universalization in the 2000s. In the Netherlands, where unions would be expected to adopt more encompassing policy positions, their initially upbeat attitude to the activation agenda has by contrast been somewhat tempered lately.

These findings certainly highlight the limits of over-deterministic understandings of the institutional bases of union attitudes and behaviours. Perhaps more interesting, however, is the light the two cases appear to shed on an institutional variable that is less commonly discussed in the literature on union preference formation, unions' historical participation in the institutions of welfare governance (Crouch, 2001; Ebbinghaus, 2010). Despite their very different industrial relations contexts, French and Dutch unions both have long histories of co-managing social insurance institutions with employers' associations, roles from which they traditionally derived considerable material resources. In different ways, reference to these welfare institutions helps us better understand the evolving attitude of unions to activation initiatives in each case.

In France, where there is nothing 'natural' about the sharing of public policy space and where organized labour has few membership-derived resources, union confederations live in permanent fear of a statist takeover of social insurance bodies such as UNEDIC. This helps understand why attitudes to activation reforms conventionally varied so substantially according to the claimant group affected. Initiatives concerning unemployment insurance recipients necessarily involved some blurring between the spheres of competence of the social partners and the state, and opened a breach in the defence of UNEDIC against much-dreaded *étatisation*. By contrast, activation measures for claimants of tax-financed social assistance pose no such risk, and indeed by upholding --- albeit in a different way to contributory social insurance --- the 'work-income link' in social policy, could actually help bolster the legitimacy of unions' administrative involvement elsewhere (Clegg, 2002).

Given this, why did the French unions eventually warm first to the extension of activation measures to unemployment insurance and then the partial merger of the institutions of the *paritaire* system and the public employment service to facilitate their implementation? The strategic context for this shift has been the growing determination of other actors --- first MEDEF, and more recently the government --- to drive through activation reforms. At the time of the 2000 *réfondation sociale*, MEDEF threatened simply to abandon its seats in UNEDIC if negotiations over their reform proposals were not concluded to their satisfaction. For all the unions except the CGT, the desire to avoid this, and 'save *paritarisme*', was crucial in motivating their search for the compromise that led to PARE being introduced (Freyssinet, 2002: 45). Similarly, the unions' decision to fall in line with Sarkozy's proposal for the delivery-level merger between unemployment insurance and the public employment service in 2007 reflected awareness that the freshly elected president was more able to push ahead without the unions if they opposed his plans than had been the weakened and discredited Chirac. In this context the preservation of a real, if much reduced, role for UNEDIC in labour market policy was the best possible outcome, and engaging in discussions over the further development of activation was the price that they were willing to pay (Willmann, 2009). Across both instances of reform, the defence of UNEDIC remained a priority for the unions, but in an evolving political context the development of activation had come to be seen not as contradicting this, but as being a precondition.

To be clear, it is argued here that the behaviour of other actors --- employers and the government --- has been a more significant determinant of evolving union positions on activation in France than competition between the different union confederations. Though the capture of the presidency of UNEDIC from FO by CFDT in 1993 reflected such competition between the two confederations, it did little in itself to change the dominant union line on the activation of the insured unemployed. This shifted only in the late 1990s, when the strategic reorientation of MEDEF decisively altered the terms of a possible union-employer compromise that could preserve UNEDIC as a *paritaire* institution.

In the Netherlands, the unions --- perhaps surer of their legitimacy and thus less sensitive about possible erosion of their prerogatives --- appeared initially to see no obvious tension between their established administrative roles and the development of activation.

Over time, however, other actors, notably Dutch governments began to see precisely such a tension, and began their moves to evict the social partners from the work and income administration. It was specifically at this time that debates between the unions and the government over activation became more conflictual, and the unions' vigorous opposition to the 1999 proposals to reform implementation structures was --- although framed in more general terms --- widely interpreted as a rearguard action to preserve their own institutional positions (Grünell, 1999). Having traditionally more or less proportionally split the tasks and spoils of administrative involvement, the main union federations fought this battle together. As described above, this was ultimately in vain, given the government's determination to push ahead with its reforms and promote what it saw as the optimal delivery structure. The resulting exclusion of the unions from any implementation role has arguably made it less possible for them to obstruct further marketization reforms that they oppose (Mabbett and Freier, 2011). But as the unions have developed a more critical stance towards activation measures and have refocused on the provision of services to their core membership, in line with their reduced administrative involvement in social and labour market policy, they have arguably become more likely to oppose such reforms in the first place.

In many respects this account only underscores how institutional arrangements can draw unions away from policy stances based on narrow 'logics of membership' towards more encompassing positions. What it also highlights, however, is that the most crucial institutions in this respect may not be the ones --- such as national social pacts --- to which most attention is normally paid in the literature on unions and welfare state reform. It is because activation reforms have not --- or at least not yet --- proved irreconcilable with the French unions' continued participation in the more subaltern institutions of welfare administration that the latter have been able to serve as a lever in mobilizing their consent for reform initiatives, even in the absence of any explicit mechanisms for political exchange between governments and unions.

As the Dutch case shows particularly well, though, the development of activation policies carries logics that potentially push against the continuing involvement of social actors in the administrative machinery of the welfare state (Clegg, 2008), as the self-administration that characterized social insurance arrangements in many countries is challenged by the twin pressures of increased public oversight and control, and enhanced competition in service delivery. To the extent that these pressures are determined by the issues prioritized in institutional and policy reform, the constructive engagement of trade unions in the reconfiguration of the welfare state depends not just on the strategic behaviour of the unions themselves, but also on the choices and strategies of governments and other policy actors.

## **Conclusion**

Although their stance on activation seems to offer a crucial test of how trade unions can and do respond to contemporary welfare state restructuring initiatives, there has been little research to date on this issue. The aim of this article was to take a first step in remedying this situation. Our comparison of the Dutch and French experiences has shown that variation in union positions on these reforms is not straightforwardly or predictably determined by the labour market institutions that have received most attention in the political economy or industrial relations literatures. Though the cases suggest that variations in unions' attitudes to activation in time and space are indeed best explained by the differing and changing institutional incentive structures they face, we have also pointed to the influence in this context of the administrative institutions of the welfare state itself --- institutions which are themselves often challenged by current work-welfare reform agendas.

The broader implication of this analysis is that unions are neither condemned to oppose contemporary welfare state restructuring agendas nor liable to be co-opted to them by purely symbolic inducements. Rather, their attitude will often be shaped by how far contemporary reform agendas can be reconciled with ongoing union involvement in the

welfare state machinery, in traditional or updated forms. Though the union role in welfare institutions was historically particularly strong in France and the Netherlands, it was a feature of conventional welfare state arrangements, across a range of social policy fields, in most European countries. Broader comparative work, across policy fields and in different political and institutional contexts, would help to model the scope for and limits to new forms of political exchange around welfare institutions in the post-industrial age.

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**Table 1: Select Labour Market Institutions in France and the Netherlands**

	<b>France</b>		<b>Netherlands</b>	
	<b>1998</b>	<b>2007</b>	<b>1998</b>	<b>2007</b>
a) Employment Protection Legislation for Regular Employees (index 0-6)	2.98	3.05	2.73	2.04
b) Average Replacement Rate of Unemployment Benefits (%)	36.5	39.0	52.2	33.9
c) Union Density (%)	8.5	8.0	23.8	21.2
d) Ratio of Density Unemployed/Employed	0.11	--	0.54	--
e) Authority of Union Confederations over Affiliates (index 0-1)	0.3	0.4	0.4	0.4
f) Number of National Social Pacts Concluded since 1980	0	0	4	7

Notes and Sources: a) and b) Source = OECD; c), e) and f) Source = ICTWSS (2009); d) Source = Ebbinghaus (2006); -- = data unavailable.